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NOFORN*Pol. Unit*

21 February 1980

## MEMORANDUM

SUBJECT: National Policy and Intelligence Considerations  
in Post-Hostage Iran

US National Policy

US policy toward Iran after the hostage crisis is ended should logically focus on basically two issues: independent Moslem Iran as a bulwark against Soviet expansionism, and major oil producer Iran's participation in the economy of the West.

Iran is now and will for the indefinite future be involved in a revolutionary process in which its final political, economic, and social configuration is still in doubt. Its revolution has been as much a revolt against the West as against the Shah. Ayatollah Khomeini's xenophobic anti-Americanism has found particularly fertile fields in Iran and it will be some time before normal relations can conceivably be restored between the US and Iran.

Moreover, although a successful conclusion of the hostage crisis may boost somewhat Bani-Sadr's chances of consolidating his position as president, we seriously doubt that he will succeed in the near term in ending the chaos that has continued since the departure of the Shah. There are simply too many competing power centers reluctant to relinquish their influence and too many minorities and dissidents to be placated.

In addition, Ayatollah Khomeini--as long as he remains alive and coherent--will continue to be the single most influential person in Iran and will have the authority to dismiss the president without warning. Khomeini and others in his entourage will be especially alert to even an appearance on Bani-Sadr's part of improving relations too much with the West.

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Both Bani-Sadr and Khomeini are committed to pursuing a non-aligned foreign policy--neither pro-US or pro-USSR. Many Iranians, including Bani-Sadr have openly expressed an interest in exporting their revolution to other Islamic states--particularly those Persian Gulf states with large Shia populations. US assistance to the conservative leadership of the same states will be opposed by revolutionary Iran.

The prospects for Iran resuming extensive economic interaction with the West are dim. The most important factors in reversing the downturn include the restoration of effective government and development spending, a change of attitude among bureaucrats and workers, and the resumption of key imports from the West--Bani-Sadr has proclaimed he will end the latter.

Despite the hopes that Bani-Sadr and Khomeini have for political and economic independence, Iran will still have to conduct business with the West and will need Western raw materials and technical assistance to rebuild industry and agricultural production. Iran's US-model military will also have to be resupplied. There is some hope, therefore, that a small number of US military and civilian personnel will be invited back. This will be a very slow process, however, and the Iranians may insist on choosing specific individuals.

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ADDENDUM TO NATIONAL POLICY AND INTELLIGENCE CONSIDERATIONS  
IN POST-HOSTAGE IRAN--US POLICY OPTIONS: Some Alternatives

I. IGNORE IRAN, US DEFENSE LINE BASED ON SAUDIS

- +Low profile reduces risk of more anti-US incidents
- +No US commitment avoids danger of clashing with Soviets
- Leaves Iran open to Soviets
- Weakens moderates in Iran

II. BACK BANISADR OPENLY, OFFER IRAN US AID

- +Warns Soviets
- Probably weaken Bani-Sadr and give his enemies ammunition
- Bani-Sadr does not want US aid
- Increased risk of another hostage-type incident
- Stronger Iran may threaten Saudis

III. TAKE LOW PROFILE, WAIT FOR IRANIANS TO COME TO US

- +Low risk of another incident
- +Allows moderates to maneuver on their own
- +Gives Soviets little justification for intervention
- Provides little backing to moderates, leaves field open for radicals

IV. ALLOW AND ENCOURAGE NATO ALLIES TO TAKE GREATER ROLE IN IRAN--ESPECIALLY ARMS SALES

- +Little risk on new incident
- Any increase in Iranian strength may endanger Saudis if Iran exports revolution

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